

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**THIRD JOINT STATUS REPORT OF MOVANT AMBAC ASSURANCE  
CORPORATION AND RESPONDENTS THE FINANCIAL  
OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, THE  
COMMONWEALTH OF PUERTO RICO, AND THE PUERTO RICO FISCAL  
AGENCY AND FINANCIAL ADVISORY AUTHORITY WITH RESPECT TO  
THE PENSIONS DISCOVERY MOTIONS**

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801).

To the Honorable United States Magistrate Judge Judith Gail Dein:

Movant Ambac Assurance Corporation (“Ambac”) and Respondents The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), The Commonwealth of Puerto Rico (the “Commonwealth”), by and through the Oversight Board as the Commonwealth’s representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF” and together with the Oversight Board and the Commonwealth, the “Respondents”),<sup>2</sup> respectfully submit this joint status report in response to the Court’s September 6, 2019 Order (Dkt. No. 8638).

1. On June 18, 2019, Ambac filed its *Motion To Compel Pensions Discovery* (Dkt. No. 7505) and *Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004* (Dkt. No. 7507) (together, the “Pensions Discovery Motions”).

2. On July 9, 2019, Respondents filed their *Omnibus Opposition to the Pensions Discovery Motions* (Dkt. No. 7895) (“Opposition Brief”).

3. On July 23, 2019, Ambac submitted its reply in further support of the Pensions Discovery Motions (Dkt No. 8230) (“Reply Brief”).

4. The Parties subsequently filed a number of motions seeking to adjourn the hearing on the Pensions Discovery Motions in order to allow the Parties to continue to meet and confer. (*See* Dkt. Nos. 8007, 8271, 8444). The Court granted these motions. (*See* Dkt Nos. 8017, 8291, 8447).

5. On August 12, 2019, the Parties filed a joint status report informing the Court of their progress (Dkt. No. 8445). On September 6, 2019, the Parties filed their second joint status

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<sup>2</sup> The Movants and Respondents are collectively referred to as the “Parties.”

report (Dkt. No. 8633). At the same time, the Parties jointly filed an urgent motion seeking an order granting an adjournment of the hearing on the Pensions Discovery Motions in order to allow the Parties to continue to meet and confer (Dkt. No. 8634). The Court granted the motion, adjourning the hearing on the Pensions Discovery Motions to the October Omnibus Hearing, and ordering the Parties to submit a third joint status report to the Court on the remaining issues for adjudication on or before October 25, 2019 (Dkt. No. 8638).

6. In the time since the Parties filed their second joint status report, the Parties have continued to meet and confer to discuss the status of the collection, review, and production process.

7. With respect to Ambac's requests pertaining to the actuarial analyses of the ERS, TRS, and JRS pension systems (*see* Request Nos. 21, 26, 27), the Parties agreed to schedule a call between Milliman and the creditors' pensions expert to discuss the actuarial analyses. Upon the request of counsel for AAFAF, on October 1, 2019, Ambac provided a list of topics and/or questions that it planned to cover on the call. On October 25, 2019, counsel for AAFAF provided written responses from Milliman. Ambac is in the process of evaluating the adequacy of Milliman's responses to determine whether there are any additional responsive materials that must be produced to satisfy these requests.

8. With respect to Ambac's requests pertaining to settlement agreements with the retiree and union groups (*see* Request Nos. 29, 30, 31), the Oversight Board produced a number of draft PSAs, term sheets, and settlement agreements related to these requests. Ambac then requested additional documents beyond the agreements themselves in connection with the requests, including email communications. The Oversight Board produced a small number of additional documents, but stated that it does not believe Ambac has good cause to seek email communications relating to the agreements. The Oversight Board further stated that the Retiree

Committee has objected to production of email communications on the ground of mediation privilege, but agreed to review responsive documents to determine whether any factual information is included within the email communications. While Ambac has reserved its right to object to the Retiree Committee's claim of privilege, it has agreed to proceed in this manner.

9. On October 23, 2019, Ambac requested additional information regarding the Commonwealth's pension liabilities in light of the recent filing of the Commonwealth's Plan of Adjustment and Disclosure Statement. These document requests target specific information needed to better understand the pension treatment proposed in the Commonwealth's Plan of Adjustment and Disclosure Statement. Ambac has not yet received a response from AAFAF or the Oversight Board regarding whether they are amenable to providing Ambac with the requested information. The Oversight Board and AAFAF have received and are evaluating the twenty new requests from Ambac, and reserve all rights and objections thereto with respect to their scope, content, appropriateness and applicability to this proceeding.

10. At this point, the Parties continue to engage in good faith discussions in an attempt to narrow the remaining issues that require adjudication by this Court. Thus, concurrently with this Motion, the Parties have filed a joint motion requesting an adjournment of the hearing on the Pensions Discovery Motions to the December Omnibus Hearing, scheduled to take place on **December 11, 2019**, in order to allow the Parties to continue to meet and confer to determine whether they can reach further agreement regarding the scope of the requests.

*[Remainder of Page Intentionally Left Blank]*

Dated: October 25, 2019  
San Juan, Puerto Rico

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**CERTIFICATE OF SERVICE**

I hereby certify that on this same date a true and exact copy of this notice was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record.

/s/ Roberto Cámara-Fuertes

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